

SENATE BILL NO. 502—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE OFFICE OF FINANCE
IN THE OFFICE OF THE GOVERNOR)

MARCH 27, 2017

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to the Public Employees' Benefits Program and the Public Employees' Deferred Compensation Program. (BDR 18-979)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to public employees; making the Public Employees' Benefits Program and the Public Employees' Deferred Compensation Program part of the Department of Administration; revising the membership of the Board of the Public Employees' Benefits Program and making the Board and the Committee to administer the Public Employees' Deferred Compensation Program into advisory boards; transferring certain powers, duties and functions of the Board and Committee to the Executive Officers of the Programs; making various other changes relating to the Public Employees' Benefits Program; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law creates the Board of the Public Employees' Benefits Program.
2 (NRS 287.041) Existing law requires the Board to establish and carry out the Public
3 Employees' Benefits Program, which: (1) is required to include a program relating
4 to group life, accident or health insurance, or any combination thereof, for the
5 benefit of state officers and employees and other participants; and (2) is authorized
6 to include certain other plans and programs for the benefit of such persons. (NRS
7 287.043) Existing law additionally requires the Board to employ an Executive
8 Officer and authorizes the Board to delegate any of its powers, duties or functions
9 to the Executive Officer. (NRS 287.0424) Existing law also establishes the Public



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Employees' Deferred Compensation Program for state employees, which is administered by a Committee. (NRS 287.325)

Sections 1-4 of this bill make the Public Employees' Benefits Program and the Public Employees' Deferred Compensation Program part of the Department of Administration. **Sections 2 and 3** of this bill require the Director of the Department of Administration to appoint, with the concurrence of the Governor, the Executive Officer of the Public Employees' Benefits Program and the Executive Officer of the Public Employees' Deferred Compensation Program and provides that the Executive Officers are in the unclassified service of the state and serve at the pleasure of the Director. **Sections 18 and 20** of this bill eliminate certain requirements in existing law relating to the Executive Officer and staff of the Public Employees' Benefits Program.

Sections 5-7, 12-37, 48 and 49 of this bill make the Board of the Public Employees' Benefits Program advisory and transfer the powers, duties and functions of the Board relating to the administration of the Program to the Executive Director of the Program. **Section 15** of this bill reduces the size of the Board from ten members to seven, changes the composition of the Board and removes the requirement that the Governor provide certain notice upon removing an appointed member of the Board. **Section 16** of this bill requires the Advisory Board to advise the Executive Officer of the Public Employees' Benefits Program concerning the administration of the Program. Similarly, **sections 38-46** of this bill make the Committee to administer the Public Employees' Deferred Compensation Program advisory and transfer the powers, duties and functions of the Committee relating to the administration of the Program to the Executive Officer of the Program. **Section 44** of this bill requires the Committee to advise the Executive Officer of the Deferred Compensation Program concerning the administration of the Program.

Existing law contains special provisions relating to the award of certain state contracts for the Public Employees' Benefits Program, pursuant to which the Board for the Program considers recommendations for the award of such a contract but has final authority to make the award. (NRS 287.04345, 333.335) **Sections 47 and 55** of this bill eliminate those provisions, with the result that such contracts are to be awarded in the same manner as provided generally for all agencies in the Executive Department of the State Government. **Section 55** also eliminates the requirement that the Executive Officer and the Board of the Public Employees' Benefits Program complete certain continuing education requirements relating to the administration of group benefits for public employees. **Section 30** of this bill eliminates a restriction on affiliation periods in certain circumstances.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- Section 1.** NRS 232.213 is hereby amended to read as follows:
- 232.213 1. The Department of Administration is hereby created.
2. The Department consists of a Director and the following:
- (a) Risk Management Division.
 - (b) Hearings Division, which consists of hearing officers, compensation officers and appeals officers.
 - (c) State Public Works Division.
 - (d) Purchasing Division.



- (e) Administrative Services Division.
- (f) Division of Human Resource Management.
- (g) Division of Enterprise Information Technology Services.
- (h) Division of State Library, Archives and Public Records.
- (i) Office of Grant Procurement, Coordination and Management.
- (j) Fleet Services Division.

(k) Public Employees' Benefits Program.

(l) Public Employees' Deferred Compensation Program.

Sec. 2. NRS 232.215 is hereby amended to read as follows:
232.215 The Director:

1. Shall appoint an Administrator of the:

- (a) Risk Management Division;
- (b) State Public Works Division;
- (c) Purchasing Division;
- (d) Administrative Services Division;
- (e) Division of Human Resource Management;
- (f) Division of Enterprise Information Technology Services;
- (g) Division of State Library, Archives and Public Records;
- (h) Office of Grant Procurement, Coordination and Management; and
- (i) Fleet Services Division.

2. *Shall, with the concurrence of the Governor, appoint the Executive Officer of the:*

(a) Public Employees' Benefits Program; and

(b) Public Employees' Deferred Compensation Program.

3. Shall serve as Chief of the Hearings Division and shall appoint the hearing officers and compensation officers. The Director may designate one of the appeals officers in the Division to supervise the administrative, technical and procedural activities of the Division.

~~3-1~~ 4. Is responsible for the administration, through the divisions of the Department, of the provisions of chapters 233F, 242 ~~4-1~~ and 284 ~~4-1~~ of NRS, NRS 287.0402 to 287.049, inclusive, and section 9 of this act, NRS 287.250 to 287.370, inclusive, and sections 10 and 11 of this act and chapters 331, 333, 336, 338, 341 and 378 of NRS and all other provisions of law relating to the functions of the divisions of the Department.

~~4-1~~ 5. Is responsible for the administration of the laws of this State relating to the negotiation and procurement of medical services and other benefits for state agencies.

~~5-1~~ 6. Has such other powers and duties as are provided by law.



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1 **Sec. 3.** NRS 232.2165 is hereby amended to read as follows:
2 232.2165 The *following persons appointed by the Director*
3 *pursuant to NRS 232.215 serve at the pleasure of the Director and*
4 *are in the unclassified service of the State:*

- 5 1. *The Administrator of:*
6 ~~1-1~~ (a) The State Public Works Division;
7 ~~1-2~~ (b) The Purchasing Division;
8 ~~1-3~~ (c) The Administrative Services Division;
9 ~~1-4~~ (d) The Division of Human Resource Management;
10 ~~1-5~~ (e) The Division of Enterprise Information Technology
11 Services;
12 ~~1-6~~ (f) The Division of State Library, Archives and Public
13 Records;
14 ~~1-7~~ (g) The Office of Grant Procurement, Coordination and
15 Management; ~~and~~
16 ~~8-1~~ (h) The Fleet Services Division ~~+~~
17 ~~→ of the Department serves at the pleasure of the Director and is in~~
18 ~~the unclassified service of the State.;~~ *and*
19 (i) *The Risk Management Division.*
20 2. *The Executive Officer of the:*
21 (a) *Public Employees' Benefits Program; and*
22 (b) *Public Employees' Deferred Compensation Program.*

23 **Sec. 4.** NRS 232.219 is hereby amended to read as follows:
24 232.219 1. The Department of Administration's Operating
25 Fund for Administrative Services is hereby created as an internal
26 service fund.

27 2. The operating budget of each of the following entities must
28 include an amount representing that entity's share of the operating
29 costs of the central accounting function of the Department:

- 30 (a) State Public Works Division;
31 (b) Purchasing Division;
32 (c) Hearings Division;
33 (d) Risk Management Division;
34 (e) Division of Human Resource Management;
35 (f) Division of Enterprise Information Technology Services;
36 (g) Division of State Library, Archives and Public Records;
37 ~~and~~
38 (h) Fleet Services Division ~~+~~;
39 (i) *Public Employees' Benefits Program; and*
40 (j) *Public Employees' Deferred Compensation Program.*

41 3. All money received for the central accounting services of the
42 Department must be deposited in the State Treasury for credit to the
43 Operating Fund.



4. All expenses of the central accounting function of the Department must be paid from the Fund as other claims against the State are paid.

Sec. 5. NRS 233B.039 is hereby amended to read as follows:

233B.039 1. The following agencies are entirely exempted from the requirements of this chapter:

(a) The Governor.

(b) Except as otherwise provided in NRS 209.221, the Department of Corrections.

(c) The Nevada System of Higher Education.

(d) The Office of the Military.

(e) The Nevada Gaming Control Board.

(f) Except as otherwise provided in NRS 368A.140 and 463.765, the Nevada Gaming Commission.

(g) The Division of Welfare and Supportive Services of the Department of Health and Human Services.

(h) Except as otherwise provided in NRS 422.390, the Division of Health Care Financing and Policy of the Department of Health and Human Services.

(i) The State Board of Examiners acting pursuant to chapter 217 of NRS.

(j) Except as otherwise provided in NRS 533.365, the Office of the State Engineer.

(k) The Division of Industrial Relations of the Department of Business and Industry acting to enforce the provisions of NRS 618.375.

(l) The Administrator of the Division of Industrial Relations of the Department of Business and Industry in establishing and adjusting the schedule of fees and charges for accident benefits pursuant to subsection 2 of NRS 616C.260.

(m) The Board to Review Claims in adopting resolutions to carry out its duties pursuant to NRS 445C.310.

(n) The Silver State Health Insurance Exchange.

2. Except as otherwise provided in subsection 5 and NRS 391.323, the Department of Education, the ~~Board~~ **Executive Officer** of the Public Employees' Benefits Program and the Commission on Professional Standards in Education are subject to the provisions of this chapter for the purpose of adopting regulations but not with respect to any contested case.

3. The special provisions of:

(a) Chapter 612 of NRS for the distribution of regulations by and the judicial review of decisions of the Employment Security Division of the Department of Employment, Training and Rehabilitation;



(b) Chapters 616A to 617, inclusive, of NRS for the determination of contested claims;

(c) Chapter 91 of NRS for the judicial review of decisions of the Administrator of the Securities Division of the Office of the Secretary of State; and

(d) NRS 90.800 for the use of summary orders in contested cases,

➤ prevail over the general provisions of this chapter.

4. The provisions of NRS 233B.122, 233B.124, 233B.125 and 233B.126 do not apply to the Department of Health and Human Services in the adjudication of contested cases involving the issuance of letters of approval for health facilities and agencies.

5. The provisions of this chapter do not apply to:

(a) Any order for immediate action, including, but not limited to, quarantine and the treatment or cleansing of infected or infested animals, objects or premises, made under the authority of the State Board of Agriculture, the State Board of Health, or any other agency of this State in the discharge of a responsibility for the preservation of human or animal health or for insect or pest control;

(b) An extraordinary regulation of the State Board of Pharmacy adopted pursuant to NRS 453.2184;

(c) A regulation adopted by the State Board of Education pursuant to NRS 388.255 or 394.1694; or

(d) The judicial review of decisions of the Public Utilities Commission of Nevada.

6. The State Board of Parole Commissioners is subject to the provisions of this chapter for the purpose of adopting regulations but not with respect to any contested case.

Sec. 6. NRS 218E.420 is hereby amended to read as follows:

218E.420 1. There is hereby created an Interim Retirement and Benefits Committee of the Legislature to:

(a) Review the operation of the Public Employees' Retirement System, the Judicial Retirement System established pursuant to chapter 1A of NRS and the Public Employees' Benefits Program; and

(b) Make recommendations to the Public Employees' Retirement Board and the ~~Board~~ *Executive Officer* of the Public Employees' Benefits Program, the Legislative Commission and the Legislature.

2. The Interim Retirement and Benefits Committee consists of six members appointed as follows:

(a) Three members of the Senate, one of whom is the Chair of the Committee on Finance during the preceding regular session and two of whom are appointed by the Majority Leader of the Senate.



1 (b) Three members of the Assembly, one of whom is the Chair
2 of the Committee on Ways and Means during the preceding regular
3 session and two of whom are appointed by the Speaker of the
4 Assembly.

5 3. The Legislative Commission shall review and approve the
6 budget and work program for the Committee and any changes to the
7 budget or work program.

8 4. The immediate past Chair of the Senate Standing Committee
9 on Finance is the Chair of the Interim Retirement and Benefits
10 Committee for the period ending with the convening of each odd-
11 numbered regular session. The immediate past Chair of the
12 Assembly Standing Committee on Ways and Means is the Chair of
13 the Interim Retirement and Benefits Committee during the next
14 legislative interim, and the position of Chair alternates between the
15 Houses according to this pattern.

16 5. The Interim Retirement and Benefits Committee may
17 exercise the powers conferred on it by law only when the
18 Legislature is not in a regular or special session and shall meet at the
19 call of the Chair.

20 6. The Interim Retirement and Benefits Committee may
21 conduct investigations and hold hearings in connection with its
22 functions and duties and exercise any of the investigative powers set
23 forth in NRS 218E.105 to 218E.140, inclusive.

24 7. The Director shall provide a Secretary for the Interim
25 Retirement and Benefits Committee.

26 8. For each day or portion of a day during which members of
27 the Interim Retirement and Benefits Committee attend a meeting of
28 the Interim Retirement and Benefits Committee or are otherwise
29 engaged in the business of the Interim Retirement and Benefits
30 Committee, the members are entitled to receive:

31 (a) The compensation provided for a majority of the Legislators
32 during the first 60 days of the preceding regular session;

33 (b) The per diem allowance provided for state officers and
34 employees generally; and

35 (c) The travel expenses provided pursuant to NRS 218A.655.

36 9. All such compensation, per diem allowances and travel
37 expenses must be paid from the Legislative Fund.

38 **Sec. 7.** NRS 277.067 is hereby amended to read as follows:

39 277.067 1. Except as otherwise provided in subsection 2, any
40 two or more political subdivisions of this State, agencies of the State
41 or the Nevada System of Higher Education may enter into a
42 cooperative agreement for the purchase of insurance or the
43 establishment of a self-insurance reserve or fund for coverage under
44 a plan of:



(a) Casualty insurance, as that term is defined in NRS 681A.020;

(b) Marine and transportation insurance, as that term is defined in NRS 681A.050;

(c) Property insurance, as that term is defined in NRS 681A.060;

(d) Surety insurance, as that term is defined in NRS 681A.070;

(e) Health insurance, as that term is defined in NRS 681A.030;
or

(f) Insurance for any combination of these kinds of protection.

2. Any political subdivision of the State, any agency of the State or the Nevada System of Higher Education which participates in the Public Employees' Benefits Program shall obtain the approval of the ~~Board~~ *Executive Officer* of the Public Employees' Benefits Program before it enters into a cooperative agreement for the purchase of health insurance pursuant to paragraph (e) of subsection 1.

3. Any such agreement may obligate the respective parties to pledge revenues or contribute money to secure the obligations or pay the expenses of the cooperative undertaking and may provide for the establishment of a separate entity to administer the undertaking.

Sec. 8. Chapter 287 of NRS is hereby amended by adding thereto the provisions set forth as sections 9, 10 and 11 of this act.

Sec. 9. *"Executive Officer" means the Executive Officer of the Public Employees' Benefits Program appointed by the Director of the Department of Administration pursuant to NRS 232.215.*

Sec. 10. *"Executive Officer" means the Executive Officer of the Public Employees' Deferred Compensation Program appointed by the Director of the Department of Administration pursuant to NRS 232.215.*

Sec. 11. *The Executive Officer may, within the limits of money available for this purpose, employ or enter into a contract for the services of such employees or consultants as is necessary for the performance of the duties of the Executive Officer.*

Sec. 12. NRS 287.025 is hereby amended to read as follows:

287.025 1. The governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State of Nevada may, in addition to the other powers granted in NRS 287.010, 287.015 and 287.020:

(a) Negotiate and contract with the ~~Board~~ *Executive Officer* of the Public Employees' Benefits Program to secure exclusive group insurance for all of its officers and employees and their dependents, except as otherwise provided in sub-subparagraph (III) of



1 subparagraph (2) of paragraph (h) of subsection 2 of NRS 287.043,
2 by participation in the Public Employees' Benefits Program.

3 (b) Negotiate and contract with another county, school district,
4 municipal corporation, political subdivision, public corporation or
5 other local governmental agency of the State of Nevada to secure
6 group insurance for its officers and employees and their dependents
7 by participation in any group insurance plan established or to be
8 established by the other local governmental agency.

9 (c) To secure group health, life or workers' compensation
10 insurance for its officers and employees and their dependents,
11 participate as a member of a nonprofit cooperative association or
12 nonprofit corporation that has been established in this State to
13 secure such insurance for its members from an insurer licensed
14 pursuant to the provisions of title 57 of NRS.

15 (d) In addition to the provisions of paragraph (c), participate as a
16 member of a nonprofit cooperative association or nonprofit
17 corporation that has been established in this State to:

18 (1) Facilitate contractual arrangements for the provision of
19 medical services to its members' officers and employees and their
20 dependents and for related administrative services.

21 (2) Procure health-related information and disseminate that
22 information to its members' officers and employees and their
23 dependents.

24 2. Each contract negotiated pursuant to paragraph (a) or (b) of
25 subsection 1:

26 (a) Must be submitted to the Commissioner of Insurance for
27 approval not less than 30 days before the date on which the contract
28 is to become effective.

29 (b) Does not become effective unless approved by the
30 Commissioner of Insurance.

31 (c) Shall be deemed to be approved if not disapproved by the
32 Commissioner within 30 days after its submission.

33 **Sec. 13.** NRS 287.0402 is hereby amended to read as follows:

34 287.0402 As used in NRS 287.0402 to 287.049, inclusive, *and*
35 *section 9 of this act*, unless the context otherwise requires, the
36 words and terms defined in NRS 287.0404 to 287.04064, inclusive,
37 *and section 9 of this act* have the meanings ascribed to them in
38 those sections.

39 **Sec. 14.** NRS 287.0404 is hereby amended to read as follows:

40 287.0404 ~~¶~~ *"Advisory Board"* means the *Advisory* Board of
41 the Public Employees' Benefits Program created by NRS 287.041.

42 **Sec. 15.** NRS 287.041 is hereby amended to read as follows:

43 287.041 1. There is hereby created the *Advisory* Board of the
44 Public Employees' Benefits Program. The *Advisory* Board consists
45 of ~~10~~ *seven* members appointed as follows:



(a) ~~One member~~ *Two members* who ~~is a~~ *are* professional ~~employee~~ *employees* of the Nevada System of Higher Education, appointed by the Governor upon consideration of any recommendations of organizations that represent employees of the Nevada System of Higher Education. *One such member must reside in northern Nevada and the other member must reside in southern Nevada.*

(b) ~~Two members~~ *One member* who ~~are~~ *is* retired from public employment, appointed by the Governor upon consideration of any recommendations of organizations that represent retired public employees.

(c) ~~Two members~~ *One member* who ~~are employees~~ *is an employee* of the State, appointed by the Governor upon consideration of any recommendations of organizations that represent state employees.

(d) ~~One member appointed by the Governor upon consideration of any recommendations of organizations that represent employees of local governments that participate in the program.~~

~~(e)~~ One member who is employed by this State in a managerial capacity and has substantial and demonstrated experience in risk management, portfolio investment strategies or employee benefits programs appointed by the Governor. The Governor may appoint the Executive Officer of the Public Employees' Retirement System to fill this position.

~~(f) Two members~~

(e) One member who ~~have~~ *has* substantial and demonstrated experience in risk management, portfolio investment strategies or employee benefits programs appointed by the Governor.

~~(g)~~ *(f)* The Director of the Office of Finance or the designee of the Director.

2. Of the ~~seven~~ *five* persons appointed to the *Advisory* Board pursuant to paragraphs (a) to ~~(e)~~ *(d)*, inclusive, of subsection 1, at least one member must have ~~an advanced~~ *a bachelor's degree or more advanced degree* in business administration, economics, accounting, insurance, risk management or health care administration, and at least two members must have education or proven experience in the management of employees' benefits, insurance, risk management, health care administration or business administration.

3. Each person appointed as a member of the *Advisory* Board must:

(a) Except for ~~the~~ *the* member appointed pursuant to paragraph ~~(f)~~ *(e)* of subsection 1, have been a participant in the Program for at least 1 year before the person's appointment;



(b) Except for ~~the~~ *the* member appointed pursuant to paragraph ~~(e)~~ (e) of subsection 1, be a current employee of the State of Nevada or another public employer that participates in the Program or a retired public employee who is a participant in the Program;

(c) Not be an elected officer of the State of Nevada or any of its political subdivisions; and

(d) Not participate in any business enterprise or investment:

(1) With any vendor or provider to the Program; or

(2) In real or personal property if the Program owns or has a direct financial interest in that enterprise or property.

4. Except as otherwise provided in this subsection, after the initial terms, the term of an appointed member of the *Advisory* Board is 4 years and until the member's successor is appointed and takes office unless the member no longer possesses the qualifications for appointment set forth in this section or is removed by the Governor. If a member loses the requisite qualifications within the last 12 months of the member's term, the member may serve the remainder of the member's term. Members are eligible for reappointment. A vacancy occurring in the membership of the *Advisory* Board must be filled in the same manner as the original appointment.

5. The appointed members of the *Advisory* Board serve at the pleasure of the Governor. ~~If the Governor wishes to remove a member from the Board for any reason other than malfeasance or misdemeanor, the Governor shall provide the member with written notice which states the reason for and the effective date of the removal.~~

Sec. 16. NRS 287.0415 is hereby amended to read as follows:

287.0415 1. A majority of the members of the *Advisory* Board constitutes a quorum for the transaction of business.

2. The Governor shall designate one of the members of the *Advisory* Board to serve as the Chair.

3. The *Advisory* Board shall meet at least once every calendar quarter and at other times upon the call of the Chair.

4. The *Advisory* Board may meet in closed session:

(a) ~~To discuss matters relating to personnel;~~

~~(b)~~ With *the Executive Officer and* investment counsel to ~~plan~~ *advise on* future investments or establish investment objectives and policies;

~~(c)~~ (b) With *the Executive Officer and* legal counsel to receive advice upon claims or suits by or against the Program;

~~(d) To prepare~~

(c) *With the Executive Officer to discuss* a request for a proposal or other solicitation for bids to be released by the ~~Board~~ *Executive Officer* for competitive bidding; or



~~(e)~~ (d) As otherwise provided pursuant to chapter 241 of NRS.

5. Except as otherwise provided in this subsection, if the *Advisory* Board causes a meeting to be transcribed by a court reporter who is certified pursuant to chapter 656 of NRS, the *Advisory* Board shall post a transcript of the meeting on its Internet website not later than 30 days after the meeting. The *Advisory* Board shall post a transcript of a closed session of the *Advisory* Board on its Internet website when the *Advisory* Board determines that the matters discussed no longer require confidentiality. ~~and, if applicable, the person whose character, conduct, competence or health was discussed in the closed session has consented to the posting.~~

6. The *Advisory* Board may appoint such advisory committees as it deems necessary to assist the *Advisory* Board in carrying out its duties pursuant to NRS 287.0402 to 287.049, inclusive ~~H~~, and *section 9 of this act.*

7. *The Advisory Board shall advise the Executive Officer concerning the administration of the Program, including, without limitation, the adoption and implementation of policies concerning the Program.*

8. As used in this section, "request for a proposal" has the meaning ascribed to it in subsection 8 of NRS 333.020.

Sec. 17. NRS 287.0422 is hereby amended to read as follows:

287.0422 The ~~Board~~ *Executive Officer* may reimburse a witness whom the *Executive Officer or Advisory* Board requests appear before ~~the~~ *the Executive Officer or Advisory Board* and who has expertise in a field that is relevant to the Program for any expenses relating to the testimony of the witness that the *Executive Officer or Advisory* Board deems reasonable.

Sec. 18. NRS 287.0424 is hereby amended to read as follows:

287.0424 ~~H. The Board shall employ an Executive Officer, subject to the approval of the Governor. The Executive Officer is in the unclassified service of the State and serves at the pleasure of the Board. The Board may delegate to the Executive Officer the exercise or discharge of any power, duty or function vested in or imposed upon the Board.~~

~~2. The Executive Officer must:~~

~~(a) Be a graduate of a 4-year college or university with a degree in business administration or public administration or an equivalent degree, as determined by the Board; and~~

~~(b) Possess at least 5 years' experience in a high-level administrative or executive capacity in the field of insurance, management of employees' benefits or risk management, including, without limitation, responsibility for a variety of administrative~~



~~functions such as personnel, accounting, data processing or the structuring of insurance programs.~~

~~3.]~~ Except as otherwise provided in NRS 284.143, the Executive Officer shall not pursue any other business or occupation or perform the duties of any other office of profit during normal office hours unless on leave approved in advance. The Executive Officer shall not participate in any business enterprise or investment:

~~(a)]~~ 1. With any vendor or provider to the Program; or

~~(b)]~~ 2. In real or personal property if the Program owns or has a direct financial interest in that enterprise or property.

~~4. The Executive Officer is entitled to an annual salary fixed by the Board. The salary of the Executive Officer is exempt from the limitations set forth in NRS 281.123.]~~

Sec. 19. NRS 287.0425 is hereby amended to read as follows:

287.0425 1. The Executive Officer shall submit a report regarding the administration and operation of the Program to the **Advisory** Board and the Director of the Office of Finance, and to the Director of the Legislative Counsel Bureau for transmittal to the appropriate committees of the Legislature or, if the Legislature is not in regular session, to the Legislative Commission and the Interim Retirement and Benefits Committee of the Legislature created by NRS 218E.420. The report must include, without limitation:

(a) An audited financial statement of the Program Fund for the immediately preceding fiscal year. The statement must be prepared by an independent certified public accountant.

(b) An audited financial statement of the Retirees' Fund for the immediately preceding fiscal year. The statement must be prepared by an independent certified public accountant.

(c) A report of the utilization of the Program by participants during the immediately preceding plan year, segregated by benefit, administrative cost, active employees and retirees, including, without limitation, an assessment of the actuarial accuracy of reserves.

(d) Material provided generally to participants or prospective participants in connection with enrollment in the Program for the current plan year, including, without limitation:

(1) Information regarding rates and the costs for participation in the Program paid by participants on a monthly basis; and

(2) A summary of the changes in the plan design for the current plan year from the plan design for the immediately preceding plan year.

2. The Executive Officer shall submit a biennial report to the **Advisory** Board and the Director of the Office of Finance, and to



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1 the Director of the Legislative Counsel Bureau for transmittal to the
2 appropriate committee or committees of the Legislature. The report
3 must include, without limitation:

4 (a) An independent biennial certified actuarial valuation and
5 report of the State's health and welfare benefits for current and
6 future state retirees, which are provided for the purpose of
7 developing the annual required contribution pursuant to the
8 statements issued by the Governmental Accounting Standards
9 Board.

10 (b) A biennial review of the Program to determine whether the
11 Program complies with federal and state laws relating to taxes and
12 employee benefits. The review must be conducted by an attorney
13 who specializes in employee benefits.

14 **Sec. 20.** NRS 287.0426 is hereby amended to read as follows:

15 287.0426 1. The Executive Officer may, within the limits of
16 legislative appropriations and other available money, appoint such
17 officers and employees as are necessary for the administration of the
18 Program, who are in the unclassified service of the State and serve
19 at the pleasure of the Executive Officer. ~~{The appointment and~~
20 ~~dismissal of an officer in charge of quality control are subject to the~~
21 ~~approval of the Board.}~~

22 2. ~~{Each officer appointed pursuant to subsection 1 who is~~
23 ~~placed in charge of quality control, operations, finance or~~
24 ~~information technology must be a graduate of a 4-year college or~~
25 ~~university with a degree that is appropriate to their respective~~
26 ~~responsibilities or possess equivalent experience as determined by~~
27 ~~the Board.~~

28 ~~—3. Officers and employees appointed pursuant to subsection 1~~
29 ~~are entitled to annual salaries fixed by the Board. The salaries of~~
30 ~~these officers and employees are exempt from the limitations set~~
31 ~~forth in NRS 281.123.~~

32 ~~—4.}~~ The Executive Officer may employ such staff in the
33 classified service of the State as are necessary for the performance
34 of the Executive Officer's duties, within limits of legislative
35 appropriations or other available money.

36 **Sec. 21.** NRS 287.043 is hereby amended to read as follows:

37 287.043 1. The ~~{Board}~~ *Executive Officer* shall:

38 (a) Establish and carry out a program to be known as the Public
39 Employees' Benefits Program which:

40 (1) Must include a program relating to group life, accident or
41 health insurance, or any combination of these; and

42 (2) May include:

43 (I) A plan that offers flexibility in benefits, and for which
44 the rates must be based only on the experience of the participants in



1 the plan and not in combination with the experience of participants
2 in any other plan offered under the Program; or

3 (II) A program to reduce taxable compensation or other
4 forms of compensation other than deferred compensation,
5 ➤ for the benefit of all state officers and employees and other
6 persons who participate in the Program.

7 (b) Ensure that the Program is funded on an actuarially sound
8 basis and operated in accordance with sound insurance and business
9 practices.

10 2. In establishing and carrying out the Program, the ~~{Board}~~
11 *Executive Officer* shall:

12 (a) For the purpose of establishing actuarial data to determine
13 rates and coverage for active and retired state officers and
14 employees and their dependents, commingle the claims experience
15 of such active and retired officers and employees and their
16 dependents for whom the Program provides primary health
17 insurance coverage into a single risk pool.

18 (b) Except as otherwise provided in this paragraph, negotiate
19 and contract pursuant to paragraph (a) of subsection 1 of NRS
20 287.025 with the governing body of any county, school district,
21 municipal corporation, political subdivision, public corporation or
22 other local governmental agency of the State of Nevada that wishes
23 to obtain exclusive group insurance for all of its active and retired
24 officers and employees and their dependents, except as otherwise
25 provided in sub-subparagraph (III) of subparagraph (2) of paragraph
26 (h), by participation in the Program. The ~~{Board}~~ *Executive Officer*
27 shall establish separate rates and coverage for active and retired
28 officers and employees of those local governmental agencies and
29 their dependents based on actuarial reports that commingle the
30 claims experience of such active and retired officers and employees
31 and their dependents for whom the Program provides primary health
32 insurance coverage into a single risk pool.

33 (c) Except as otherwise provided in paragraph (d), provide
34 public notice in writing of any proposed changes in rates or
35 coverage to each participating public agency that may be affected by
36 the changes. Notice must be provided at least 30 days before the
37 effective date of the changes.

38 (d) If a proposed change is a change in the premium or
39 contribution charged for, or coverage of, health insurance, provide
40 written notice of the proposed change to all participants in the
41 Program. The notice must be provided at least 30 days before the
42 date on which a participant in the Program is required to select or
43 change the participant's policy of health insurance.

44 (e) Purchase policies of life, accident or health insurance, or any
45 combination of these, or, if applicable, a program to reduce the



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1 amount of taxable compensation pursuant to 26 U.S.C. § 125, from
2 any company qualified to do business in this State or provide similar
3 coverage through a plan of self-insurance established pursuant to
4 NRS 287.0433 for the benefit of all eligible participants in the
5 Program.

6 (f) Except as otherwise provided in this title, develop and
7 establish other employee benefits as necessary.

8 (g) Investigate and approve or disapprove any contract proposed
9 pursuant to NRS 287.0479.

10 (h) Adopt such regulations and perform such other duties as are
11 necessary to carry out the provisions of NRS 287.010 to 287.245,
12 inclusive, *and section 9 of this act*, including, without limitation,
13 the establishment of:

14 (1) Fees for applications for participation in the Program and
15 for the late payment of premiums or contributions;

16 (2) Conditions for entry and reentry into and exit from the
17 Program by local governmental agencies pursuant to paragraph (a)
18 of subsection 1 of NRS 287.025, which:

19 (I) Must include a minimum period of 4 years of
20 participation for entry into the Program;

21 (II) Must include a requirement that participation of any
22 retired officers and employees of the local governmental agency
23 whose last continuous period of enrollment with the Program began
24 after November 30, 2008, terminates upon termination of the local
25 governmental agency's contract with the Program; and

26 (III) May allow for the exclusion of active and retired
27 officers and employees of the local governmental agency who are
28 eligible for health coverage from a health and welfare plan or trust
29 that arose out of collective bargaining under chapter 288 of NRS or
30 a trust established pursuant to 29 U.S.C. § 186;

31 (3) Procedures by which a group of participants in the
32 Program may leave the Program pursuant to NRS 287.0479 and
33 conditions and procedures for reentry into the Program by those
34 participants;

35 (4) Specific procedures for the determination of contested
36 claims;

37 (5) Procedures for review and notification of the termination
38 of coverage of persons pursuant to paragraph (b) of subsection 4 of
39 NRS 287.023; and

40 (6) Procedures for the payments that are required to be made
41 pursuant to paragraph (b) of subsection 4 of NRS 287.023.

42 3. The ~~Board~~ *Executive Officer* may use any services
43 provided to state agencies and shall use the services, *guidelines and*
44 *procedures* of the Purchasing Division of the Department of
45 Administration to establish and carry out the Program.



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4. The ~~Board~~ *Executive Officer* may engage the services of an attorney who specializes in health plans and health care law as necessary to assist in carrying out the Program.

5. The ~~Board~~ *Executive Officer* may make recommendations to the Legislature concerning legislation that ~~the~~ *the Executive Officer* deems necessary and appropriate regarding the Program.

6. A participating public agency is not liable for any obligation of the Program other than indemnification of the *Advisory Board*, *the Executive Officer* and ~~its~~ *the* employees *of the Program* against liability relating to the administration of the Program, subject to the limitations specified in NRS 41.0349.

7. As used in this section, "employee benefits" includes any form of compensation provided to a public employee except federal benefits, wages earned, legal holidays, deferred compensation and benefits available pursuant to chapter 286 of NRS.

Sec. 22. NRS 287.0433 is hereby amended to read as follows:

287.0433 The ~~Board~~ *Executive Officer* may establish a plan of life, accident or health insurance and provide for the payment of contributions into the Program Fund, a schedule of benefits and the disbursement of benefits from the Program Fund. The ~~Board~~ *Executive Officer* may reinsure any risk or any part of such a risk.

Sec. 23. NRS 287.04335 is hereby amended to read as follows:

287.04335 If the ~~Board~~ *Program* provides health insurance through a plan of self-insurance, ~~the~~ *the Executive Officer* shall comply with the provisions of NRS 689B.255, 695G.150, 695G.160, 695G.162, 695G.164, 695G.1645, 695G.1665, 695G.167, 695G.170 to 695G.173, inclusive, 695G.177, 695G.200 to 695G.230, inclusive, 695G.241 to 695G.310, inclusive, and 695G.405, in the same manner as an insurer that is licensed pursuant to title 57 of NRS is required to comply with those provisions.

Sec. 24. NRS 287.0434 is hereby amended to read as follows:

287.0434 The ~~Board~~ *Executive Officer* may:

1. Use ~~its~~ *the* assets ~~only~~ *of the Program* to pay the expenses of health care for ~~its~~ *the* members *of the Program* and covered dependents, to pay ~~its-employees'~~ *the* salaries *of the employees of the Program* and to pay administrative and other expenses.

2. Enter into contracts relating to the administration of the Program, including, without limitation, contracts with licensed administrators and qualified actuaries. Each such contract with a licensed administrator:

(a) Must be submitted to the Commissioner of Insurance not less than 30 days before the date on which the contract is to become effective for approval as to the licensing and fiscal status of the



1 licensed administrator and status of any legal or administrative
2 actions in this State against the licensed administrator that may
3 impair his or her ability to provide the services in the contract.

4 (b) Does not become effective unless approved by the
5 Commissioner.

6 (c) Shall be deemed to be approved if not disapproved by the
7 Commissioner within 30 days after its submission.

8 3. Enter into contracts with physicians, surgeons, hospitals,
9 health maintenance organizations and rehabilitative facilities for
10 medical, surgical and rehabilitative care and the evaluation,
11 treatment and nursing care of members and covered dependents.

12 The ~~{Board}~~ *Executive Officer* shall not enter into a contract
13 pursuant to this subsection unless:

14 (a) Provision is made by the ~~{Board}~~ *Executive Officer* to offer
15 all the services specified in the request for proposals, either by a
16 health maintenance organization or through separate action of the
17 ~~{Board}~~ *Executive Officer*.

18 (b) The rates set forth in the contract are based on:

19 (1) For active and retired state officers and employees and
20 their dependents, the commingled claims experience of such active
21 and retired officers and employees and their dependents for whom
22 the Program provides primary health insurance coverage in a single
23 risk pool; and

24 (2) For active and retired officers and employees of public
25 agencies enumerated in NRS 287.010 that contract with the Program
26 to obtain group insurance by participation in the Program and their
27 dependents, the commingled claims experience of such active and
28 retired officers and employees and their dependents for whom the
29 Program provides primary health insurance coverage in a single risk
30 pool.

31 4. Enter into contracts for the services of other experts and
32 specialists as required by the Program.

33 5. Charge and collect from an insurer, health maintenance
34 organization, organization for dental care or nonprofit medical
35 service corporation, a fee for the actual expenses incurred by the
36 ~~{Board}~~ *Executive Officer* or a participating public agency in
37 administering a plan of insurance offered by that insurer,
38 organization or corporation.

39 6. Charge and collect the amount due from local governments
40 pursuant to paragraph (b) of subsection 4 of NRS 287.023. If the
41 payment of a local government pursuant to that provision is
42 delinquent by more than 90 days, the ~~{Board}~~ *Executive Officer*
43 shall notify the Executive Director of the Department of Taxation
44 pursuant to NRS 354.671.



1 **Sec. 25.** NRS 287.0435 is hereby amended to read as follows:

2 287.0435 1. Except as otherwise provided in subsection 4 of
3 NRS 287.04362 and subsection 7 of NRS 287.044, all money
4 received for the Program, including, without limitation, money
5 transferred from the Active Employee Group Insurance Subsidy
6 Account established in NRS 287.044, must be deposited in the State
7 Treasury for credit to the Fund for the Public Employees' Benefits
8 Program which is hereby created as a trust fund. The Program Fund
9 must be accounted for as an internal service fund. Payments into and
10 disbursements from the Program Fund must be so arranged as to
11 keep the Program Fund solvent at all times.

12 2. The money in the Program Fund must be invested as other
13 money of the State is invested and any income from investments
14 paid into the Program Fund for the benefit of the Program Fund.

15 3. Disbursements from the Program Fund must be made as any
16 other claims against the State are paid and may only be made for the
17 benefit of the participants in the Program.

18 4. The State Treasurer may charge a reasonable fee for the
19 State Treasurer's services in administering the Program Fund, but
20 the State, the State General Fund and the State Treasurer are not
21 liable to the Program Fund for any loss sustained by the Program
22 Fund as a result of any investment made on behalf of the Program
23 Fund or any loss sustained in the operation of the Program.

24 5. The ~~Board~~ *Executive Officer* shall deposit any
25 disbursement received from the Program Fund into an interest-
26 bearing checking account in a bank or credit union qualified to
27 receive deposits of public money. Claims that have been submitted
28 to the Program and approved must be paid from the account, and
29 any refund of such a claim must be deposited into the account.

30 **Sec. 26.** NRS 287.04362 is hereby amended to read as
31 follows:

32 287.04362 1. The money in the Retirees' Fund must not be
33 used or appropriated for any purpose incompatible with the policies
34 of the Program, as expressed in NRS 287.0402 to 287.049, inclusive
35 ~~it~~, and *section 9 of this act*.

36 2. The Retirees' Fund must be invested and administered to
37 ensure the highest return consistent with safety in accordance with
38 accepted investment practices and the laws of this State which may
39 include, without limitation, investment in the Retirement Benefits
40 Investment Fund established pursuant to NRS 355.220.

41 3. The ~~Board~~ *Executive Officer* has the exclusive control of
42 the administration and investment of the Retirees' Fund.

43 4. The following money must be deposited in the Retirees'
44 Fund:



(a) All money appropriated by the Legislature to the Retirees' Fund;

(b) All money provided for the purpose of offsetting the portion of the costs of the health and welfare benefits for current and future state retirees pursuant to NRS 287.046;

(c) All money accruing to the Retirees' Fund from all other sources; and

(d) Any other money provided to the Program for the payment of other health and welfare benefits for current and future state retirees pursuant to NRS 287.046.

5. The interest and income earned on the money in the Retirees' Fund, after deducting any applicable charges, must be credited to the Retirees' Fund.

6. Any money remaining in the Retirees' Fund at the end of a fiscal year does not revert to the State General Fund, and the balance in the Retirees' Fund must be carried forward.

Sec. 27. NRS 287.04364 is hereby amended to read as follows:

287.04364 1. The money in the Retirees' Fund must be expended by the ~~Board~~ *Executive Officer* for the purpose of:

(a) Offsetting a portion of the costs of the health and welfare benefits for current and future state retirees pursuant to NRS 287.046; and

(b) Paying such other expenses as by law may be paid from the Retirees' Fund.

2. Money designated for the purposes set forth in subsection 1 must be withdrawn from the Retirees' Fund and deposited in the Program Fund as necessary.

3. The money in the Retirees' Fund belongs to the officers, employees and retirees of this State in aggregate and is to be held in trust by the ~~Board~~ *Executive Officer*. Neither the State nor the governing body of any county, school district, municipal corporation, political subdivision, public corporation or other local governmental agency of the State, nor any single officer, employee or retiree of any such entity has any right to the money in the Retirees' Fund.

Sec. 28. NRS 287.0439 is hereby amended to read as follows:

287.0439 1. A participating public agency shall furnish to the ~~Board~~ *Executive Officer*:

(a) Written notice regarding a change in the status of an employee of the participating public agency or a dependent of such an employee that affects the eligibility of the employee or dependent to participate in the Program. Such notice must be provided to the Program, on a form prescribed by the Program, within 15 calendar



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1 days after the participating public agency is notified or otherwise
2 becomes aware of the change in status.

3 (b) Upon request, any other information necessary to carry out
4 the provisions of this chapter.

5 2. ~~{Members of the Board}~~ *The Executive Officer* and ~~{its}~~ *the*
6 employees or agents *of the Program* may examine under oath any
7 officer, agent or employee of a participating public agency
8 concerning the information required pursuant to this section.

9 3. The books, records and payrolls of a participating public
10 agency must be available for inspection by ~~{members of}~~ the
11 ~~{Board}~~ *Executive Officer* and ~~{its}~~ *the* employees and agents *of the*
12 *Program* to obtain any information necessary for the administration
13 of the Program, including, without limitation, the accuracy of the
14 payroll and identity of employees.

15 4. A participating public agency shall reimburse the Program
16 for any premium or contribution that was not paid to the Program as
17 a result of the failure of the participating public agency to furnish
18 the notice required pursuant to paragraph (a) of subsection 1. The
19 participating public agency shall not require any employee or the
20 employee's dependent to reimburse the participating public agency
21 for the amount of any premium or contribution for which the
22 participating public agency is liable to the Program pursuant to this
23 subsection.

24 **Sec. 29.** NRS 287.044 is hereby amended to read as follows:

25 287.044 1. Except as otherwise provided in subsection 2,
26 each participating state agency shall pay to the Program an amount
27 specified by law for every state officer or employee who is
28 employed by a participating public agency on a permanent and full-
29 time basis and elects to participate in the Program.

30 2. A member of the Senate or Assembly who elects to
31 participate in the Program shall pay the entire premium or
32 contribution for the member's insurance.

33 3. State officers and employees who elect to participate in the
34 Program must authorize deductions from their compensation for the
35 payment of premiums or contributions for the Program. Any
36 deduction from the compensation of a state officer or employee for
37 the payment of such a premium or contribution must be based on the
38 actual amount of the premium or contribution after deducting any
39 amount allocated by the ~~{Board}~~ *Executive Officer* pursuant to
40 subsection 6.

41 4. If a state officer or employee chooses to cover any
42 dependents, whenever this option is made available by the ~~{Board,}~~
43 *Executive Officer*, except as otherwise provided in NRS 287.021
44 and 287.0477, the state officer or employee must pay the difference
45 between the amount of the premium or contribution for the coverage



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1 for the state officer or employee and such dependents and any
2 amount allocated by the ~~{Board}~~ *Executive Officer* pursuant to
3 subsection 6.

4 5. A participating state agency shall not pay any part of those
5 premiums or contributions if the group life insurance or group
6 accident or health insurance is not approved by the ~~{Board}~~
7 *Executive Officer*.

8 6. The ~~{Board}~~ *Executive Officer* may allocate the money paid
9 to the Program pursuant to subsection 1 between the cost of
10 premiums and contributions for group insurance for each state
11 officer or employee, except a member of the Senate or Assembly,
12 and the dependents of each state officer or employee.

13 7. Any amounts paid to the Program pursuant to subsection 1
14 must be deposited in the Active Employee Group Insurance Subsidy
15 Account, which is hereby established within the Agency Fund for
16 the Payroll of the State created by NRS 227.130. Money in the
17 Account must be used solely for the purposes of subsections 1 and
18 6. The interest and income earned on the money in the Account,
19 after deducting any applicable charges, must be credited to the
20 Account.

21 **Sec. 30.** NRS 287.045 is hereby amended to read as follows:

22 287.045 1. Except as otherwise provided in this section,
23 every state officer or employee who is employed in a full-time
24 position is eligible to participate in the Program on:

25 (a) The first day of full-time employment of the state officer or
26 employee, if that date is the first day of the month; or

27 (b) The first day of the month immediately following the first
28 day of full-time employment of the state officer or employee.

29 2. Professional employees of the Nevada System of Higher
30 Education who have annual employment contracts are eligible to
31 participate in the Program on:

32 (a) The effective dates of their respective employment contracts,
33 if those dates are on the first day of a month; or

34 (b) The first day of the month immediately following the
35 effective dates of their respective employment contracts, if those
36 dates are not on the first day of a month.

37 3. Every officer or employee who is employed by a
38 participating local governmental agency on a permanent and full-
39 time basis on the date on which the participating local governmental
40 agency enters into an agreement to participate in the Program
41 pursuant to paragraph (a) of subsection 1 of NRS 287.025, and
42 every officer or employee who commences employment with that
43 participating local governmental agency after that date, is eligible to
44 participate in the Program on:



1 (a) The first day of full-time employment of the officer or
2 employee, if that date is the first day of the month; or

3 (b) The first day of the month immediately following the first
4 day of full-time employment of the officer or employee,

5 unless that officer or employee is excluded pursuant to sub-
6 subparagraph (III) of subparagraph (2) of paragraph (h) of
7 subsection 2 of NRS 287.043.

8 4. Every member of the Senate and Assembly is eligible to
9 participate in the Program on:

10 (a) The first day of the initial term of office of the member, if
11 that date is the first day of the month; or

12 (b) The first day of the month immediately following the first
13 day of the initial term of office of the member.

14 5. For each eligible person identified in subsections 1 to 4,
15 inclusive, the Program must receive the notice required pursuant to
16 NRS 287.0439 before the date on which the person is eligible to
17 enroll in the Program. If the Program does not receive the notice
18 required pursuant to NRS 287.0439 before the date on which the
19 person is eligible to enroll in the Program, the person will not be
20 eligible to enroll in the Program until the first day of the month
21 immediately after the Program received the notice required pursuant
22 to NRS 287.0439 for that person.

23 6. Each person identified in subsections 1, 2 and 3 must enroll
24 or decline coverage in the Program before the end of the first month
25 in which he or she is eligible to enroll in the Program. If the person
26 fails to enroll or decline coverage in the Program before the end of
27 the first month in which he or she is eligible to enroll in the
28 Program, he or she will be automatically enrolled on an individual
29 basis, without coverage for dependents, in the base plan offered by
30 the Program. Such a person must be allowed to:

31 (a) Change the plan in which the person is enrolled during the
32 next period of open enrollment; and

33 (b) Add eligible dependents during the next period of open
34 enrollment or after meeting the applicable terms and conditions of
35 the Program.

36 7. ~~Notwithstanding the provisions of subsections 1, 3 and 4, if~~
37 ~~the Board does not, pursuant to NRS 689B.580, elect to exclude the~~
38 ~~Program from compliance with NRS 689B.340 to 689B.580,~~
39 ~~inclusive, and if the coverage under the Program is provided by a~~
40 ~~health maintenance organization authorized to transact insurance in~~
41 ~~this State pursuant to chapter 695C of NRS, any affiliation period~~
42 ~~imposed by the Program may not exceed the statutory limit for an~~
43 ~~affiliation period set forth in NRS 689B.500.~~



1 ~~8.~~ As used in this section, "base plan" means the plan
2 designated by the ~~Board~~ *Executive Officer* as the default plan for
3 the year as described in the Program documents.

4 **Sec. 31.** NRS 287.046 is hereby amended to read as follows:

5 287.046 1. The Office of Finance shall establish an
6 assessment that is to be used to pay for a portion of the cost of
7 premiums or contributions for the Program for persons who were
8 initially hired before January 1, 2012, and have retired with state
9 service.

10 2. The money assessed pursuant to subsection 1 must be
11 deposited into the Retirees' Fund and must be based upon a base
12 amount approved by the Legislature each session to pay for a
13 portion of the current and future health and welfare benefits for
14 persons who retired before January 1, 1994, or for persons who
15 retire on or after January 1, 1994, as adjusted by subsection 5.

16 3. Except as otherwise provided in subsections 7 and 9, the
17 portion to be paid to the Program from the Retirees' Fund on behalf
18 of such persons must be equal to a portion of the cost for each
19 retiree and the retiree's dependents who are enrolled in the plan, as
20 defined for each year of the plan by the Program.

21 4. Except as otherwise provided in subsection 6, the portion of
22 the amount approved by the Legislature as described in subsection 2
23 to be paid to the Program from the Retirees' Fund for persons who
24 retired before January 1, 1994, with state service is the base funding
25 level defined for each year of the plan by the Program.

26 5. Except as otherwise provided in subsection 6, adjustments to
27 the portion of the amount approved by the Legislature as described
28 in subsection 2 to be paid by the Retirees' Fund for persons who
29 retire on or after January 1, 1994, with state service must be as
30 follows:

31 (a) For each year of service less than 15 years, excluding service
32 purchased pursuant to NRS 1A.310 or 286.300, the portion paid by
33 the Retirees' Fund must be reduced by an amount equal to 7.5
34 percent of the base funding level defined by the Legislature. In no
35 event may the adjustment exceed 75 percent of the base funding
36 level defined by the Legislature.

37 (b) For each year of service greater than 15 years, excluding
38 service purchased pursuant to NRS 1A.310 or 286.300, the portion
39 paid by the Retirees' Fund must be increased by an amount equal to
40 7.5 percent of the base funding level defined by the Legislature. In
41 no event may the adjustment exceed 37.5 percent of the base
42 funding level defined by the Legislature.

43 6. The portion to be paid to the Program from the Retirees'
44 Fund on behalf of a retired person whose coverage is provided
45 through the TRICARE program, as established pursuant to 32



1 C.F.R. § 199.17, or provided through the Program by an individual
2 medical plan offered pursuant to the Health Insurance for the Aged
3 Act, 42 U.S.C. §§ 1395 et seq., must be:

4 (a) For persons who retired before January 1, 1994, the base
5 funding level defined by the Legislature multiplied by 15.

6 (b) For persons who retired on or after January 1, 1994, the base
7 funding level defined by the Legislature multiplied by the number of
8 years of service of the person, excluding service purchased pursuant
9 to NRS 1A.310 or 286.300, up to a maximum of 20 years of service.

10 ➔ The ~~Board~~ *Executive Officer* may approve the payment of an
11 additional amount to retired persons described in this subsection that
12 is in excess of the amount paid pursuant to paragraph (a) or (b), or
13 both, for those persons from any money that is available for that
14 purpose.

15 7. Except as otherwise provided in subsection 8, no money
16 may be paid by the Retirees' Fund on behalf of a retired person who
17 is initially hired by the State:

18 (a) On or after January 1, 2010, but before January 1, 2012, and
19 who:

20 (1) Has not participated in the Program on a continuous basis
21 since retirement from such employment; or

22 (2) Does not have at least 15 years of service, which must
23 include state service and may include local governmental service,
24 unless the retired person does not have at least 15 years of service as
25 a result of a disability for which disability benefits are received
26 under the Public Employees' Retirement System or a retirement
27 program for professional employees offered by or through the
28 Nevada System of Higher Education, and has participated in the
29 Program on a continuous basis since retirement from such
30 employment.

31 (b) On or after January 1, 2012. The provisions of this paragraph
32 must not be construed to prohibit a retired person who was hired on
33 or after January 1, 2012, from participating in the Program until the
34 retired person is eligible for coverage under an individual medical
35 plan offered pursuant to the Health Insurance for the Aged Act, 42
36 U.S.C. §§ 1395 et seq. The retired person shall pay the entire
37 premium or contribution for his or her participation in the Program.

38 8. The provisions of subsection 7 do not apply to a person who
39 was employed by the State on or before January 1, 2012, who has a
40 break in service and returns to work for the State at the same or
41 another participating state agency after that date, regardless of the
42 length of the break in service, so long as the person did not
43 withdraw from and was eligible to participate in the Public
44 Employees' Retirement System before or during the break in
45 service.



9. If the amount calculated pursuant to subsection 5 or 6 exceeds the actual premium or contribution for the plan of the Program that the retired participant selects, the balance must be credited to the Program Fund.

10. For the purposes of this section:

(a) Credit for service must be calculated in the manner provided by chapter 286 of NRS.

(b) No proration may be made for a partial year of service.

11. The Office of Finance shall agree through the ~~{Board}~~ *Executive Officer* with the insurer for billing of remaining premiums or contributions for the retired participant and the retired participant's dependents to the retired participant and to the retired participant's dependents who elect to continue coverage under the Program after the retired participant's death.

Sec. 32. NRS 287.0465 is hereby amended to read as follows:

287.0465 1. If a member incurs an illness or injury for which medical services are payable under the plan for self-insurance established by the ~~{Board}~~ *Executive Officer* and the illness or injury is incurred under circumstances creating a legal liability in some person, other than the member, to pay all or part of the cost of those services, the ~~{Board}~~ *Program* is subrogated to the right of the member to the extent of all such costs, and may join or intervene in any action by the member or any successor in interest, to enforce that legal liability.

2. If a member or any successor in interest fails or refuses to commence an action to enforce that legal liability, the ~~{Board}~~ *Executive Officer* may commence an independent action, after notice to the member or any successor in interest, to recover all costs to which it is entitled. In any such action by the ~~{Board}~~ *Executive Officer*, the member may be joined as a third party defendant.

3. If the ~~{Board}~~ *Program* is subrogated to the rights of the member or any successor in interest as provided in subsection 1, the ~~{Board}~~ *Program* has a lien upon the total proceeds of any recovery from the persons liable, whether the proceeds of the recovery are by way of a judgment or settlement or otherwise. Within 15 days after recovery by receipt of the proceeds of the judgment, settlement or other recovery, the member or any successors in interest shall notify the ~~{Board}~~ *Executive Officer* of the recovery and pay the ~~{Board}~~ *Program* the amount due to ~~{it}~~ *the Program* pursuant to this section. The member or any successors in interest are not entitled to double recovery for the same injury.

4. The member or any successors in interest shall notify the ~~{Board}~~ *Executive Officer* in writing before entering any settlement



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1 or agreement or commencing any action to enforce the legal liability
2 referred to in subsection 1.

3 5. As used in this section, "member" means:

4 (a) An active or retired officer or employee of the State or a
5 dependent of such an officer or employee who is covered under the
6 Program; and

7 (b) An active or retired officer or employee of a local
8 governmental agency or a dependent of such an officer or employee
9 who is covered under the Program.

10 **Sec. 33.** NRS 287.0477 is hereby amended to read as follows:

11 287.0477 1. Except as otherwise provided in subsection 4,
12 the surviving spouse and any surviving child of a police officer or
13 firefighter who was employed by a participating public agency and
14 who was killed in the line of duty may join or continue coverage
15 under the Program or another insurer or employee benefit plan
16 approved by the ~~{Board}~~ *Executive Officer* pursuant to NRS
17 287.0479 if the police officer or firefighter was a participant or
18 would have been eligible to participate on the date of the death of
19 the police officer or firefighter. If the surviving spouse or child
20 elects to join or discontinue coverage under the Program pursuant to
21 this subsection, the spouse, child or legal guardian of the child must
22 notify in writing the participating public agency that employed the
23 police officer or firefighter within 60 days after the date of death of
24 the police officer or firefighter.

25 2. Except as otherwise provided in subsection 4, the surviving
26 spouse and any surviving child of a volunteer firefighter who was
27 killed in the line of duty and who was officially a member of a
28 volunteer fire department in this State is eligible to join the
29 Program. If such a spouse or child elects to join the Program, the
30 spouse, child or legal guardian of the child must notify in writing
31 the ~~{Board}~~ *Executive Officer* within 60 days after the date of death
32 of the volunteer firefighter.

33 3. The participating public agency that employed the police
34 officer or firefighter shall pay the entire cost of the premiums or
35 contributions for the Program or another insurer or employee benefit
36 plan approved by the ~~{Board}~~ *Executive Officer* pursuant to NRS
37 287.0479 for the surviving spouse or child who meets the
38 requirements set forth in subsection 1. The State of Nevada shall
39 pay the entire cost of the premiums or contributions for the Program
40 for the surviving spouse or child who elects to join the Program
41 pursuant to subsection 2.

42 4. A surviving spouse is eligible to receive coverage pursuant
43 to this section for the duration of the life of the surviving spouse. A
44 surviving child is eligible to receive coverage pursuant to this



1 section until the child reaches the age at which the child would not
2 otherwise be eligible to receive coverage under the Program.

3 5. As used in this section "police officer" has the meaning
4 ascribed to it in NRS 617.135.

5 **Sec. 34.** NRS 287.0479 is hereby amended to read as follows:

6 287.0479 1. If approved by the ~~{Board}~~ *Executive Officer*
7 pursuant to this section, a group of not less than 300 active state
8 officers or employees and retired state officers or employees that
9 participate in the Program may leave the Program and secure life,
10 accident or health insurance, or any combination thereof, for the
11 group from an:

12 (a) Insurer that is authorized by the Commissioner of Insurance
13 to provide such insurance; or

14 (b) Employee benefit plan, as defined in 29 U.S.C. § 1002(3),
15 that has been approved by the ~~{Board}~~ *Executive Officer*. The
16 ~~{Board}~~ *Executive Officer* may approve an employee benefit plan
17 unless the ~~{Board}~~ *Executive Officer* finds that the plan is not
18 operated pursuant to such sound accounting and financial
19 management practices as to ensure that the group will continue to
20 receive adequate benefits.

21 2. Before entering into a contract with the insurer or approved
22 employee benefit plan, the group shall submit the proposed contract
23 to the ~~{Board}~~ *Executive Officer* for approval. The ~~{Board}~~
24 *Executive Officer* may approve the contract unless the departure of
25 the group from the Program would cause an increase of more than 5
26 percent in the costs of premiums or contributions for the remaining
27 participants in the Program. In determining whether to approve a
28 proposed contract, the ~~{Board}~~ *Executive Officer* shall follow the
29 criteria set forth in the regulations adopted by the ~~{Board}~~ *Executive*
30 *Officer* pursuant to subsection 5 and may consider the cumulative
31 impact of groups that have left or are proposing to leave the
32 Program. Except as otherwise provided in this section, the ~~{Board}~~
33 *Executive Officer* has discretion in determining whether to approve
34 a contract. If the ~~{Board}~~ *Executive Officer* approves a proposed
35 contract pursuant to this subsection, the group that submitted the
36 proposed contract is not authorized to leave the Program until 120
37 days after the date on which the ~~{Board}~~ *Executive Officer* approves
38 the proposed contract.

39 3. The ~~{Board}~~ *Executive Officer* shall not approve a proposed
40 contract between an insurer or approved employee benefit plan and
41 a group pursuant to subsection 2 unless:

42 (a) The group is organized for reasons other than acquiring
43 insurance;



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(b) The members of the group share job definitions, classifications or employers, or are otherwise members of a job-related group formed for reasons other than acquiring insurance;

(c) The group has legal authority to enter into contracts and bind its members, meets the requirements of state and federal law concerning nondiscrimination, and has the ability to purchase insurance; and

(d) The group includes all active state officers and employees who satisfy the requirements of paragraph (b) for inclusion in the group and all retired state officers and employees who satisfied those requirements at the time of their retirement.

4. The ~~{Board}~~ *Executive Officer* shall disburse periodically to the insurer or employee benefit plan with which a group contracts pursuant to this section the total amount set forth in the contract for premiums or contributions for the members of the group for that period but not to exceed the amount appropriated to or authorized for the participating state agency that employs the members of the group for premiums or contributions for the members of the group for that period, after deducting any administrative costs related to the group.

5. The ~~{Board}~~ *Executive Officer* shall adopt regulations establishing the criteria pursuant to which the ~~{Board}~~ *Executive Officer* will approve proposed contracts pursuant to subsection 2.

Sec. 35. NRS 287.048 is hereby amended to read as follows:

287.048 NRS 287.0402 to 287.047, inclusive, *and section 9 of this act* do not require any officer or employee of the State of Nevada to accept or join the Program, or to assign the officer's or employee's wages or salary in payment of premiums or contributions for the Program.

Sec. 36. NRS 287.0485 is hereby amended to read as follows:

287.0485 No officer, employee or retiree of this State has any inherent right to benefits provided pursuant to NRS 287.0402 to 287.049, inclusive ~~{H}~~, *and section 9 of this act.*

Sec. 37. NRS 287.245 is hereby amended to read as follows:

287.245 1. The State may agree with any of its employees, and the Board of Regents of the University of Nevada may agree with any of its employees, to reduce the amount of taxable compensation due to an employee in accordance with a program established pursuant to 26 U.S.C. § 125 by the ~~{Board}~~ *Executive Officer* of the Public Employees' Benefits Program.

2. Political subdivisions of this State may agree with any of their employees to reduce the amount of taxable compensation due to an employee in accordance with a program established pursuant to 26 U.S.C. § 125.



3. The employer shall deduct an amount from the taxable compensation of an employee pursuant to the agreement between the employer and the employee.

4. An employer shall not make any reduction in the taxable compensation of an employee pursuant to this section until the program established meets the requirements of 26 U.S.C. § 125 for eligibility.

5. The ~~Board~~ *Executive Officer* of the Public Employees' Benefits Program may establish and administer a program pursuant to 26 U.S.C. § 125. The ~~Board~~ *Executive Officer* may:

(a) Create an appropriate fund for administration of money and other assets resulting from the money deducted pursuant to the program.

(b) Delegate to one or more state agencies or institutions of the Nevada System of Higher Education the responsibility for administering the program for their respective employees, including, without limitation:

(1) Collection of money deducted;

(2) Transmittal of money collected to depositories within the State designated by the ~~Board~~ *Executive Officer*; and

(3) Payment for eligible uses.

(c) Contract with a natural person, corporation, institution or other entity, directly or through a state agency or institution of the Nevada System of Higher Education, for services necessary to the administration of the plan, including, without limitation:

(1) Consolidated billing;

(2) The keeping of records for each participating employee and the program;

(3) The control and safeguarding of assets;

(4) Programs for communication with employees; and

(5) The administration and coordination of the program.

6. Each employee who participates in a program established by the ~~Board~~ *Executive Officer* of the Public Employees' Benefits Program pursuant to this section shall pay a proportionate share of the cost to administer the program as determined by the ~~Board~~ *Executive Officer*.

7. The provisions of this section do not supersede, make inoperative or reduce the benefits provided by the Public Employees' Retirement System or by any other retirement, pension or benefit program established by law.

Sec. 38. NRS 287.250 is hereby amended to read as follows:

287.250 As used in NRS 287.250 to 287.370, *and sections 10 and 11 of this act*, inclusive, unless the context otherwise requires, the words and terms defined in NRS 287.260 to 287.310, *and*



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section 10 of this act, inclusive, have the meanings ascribed to them in those sections.

Sec. 39. NRS 287.260 is hereby amended to read as follows:

287.260 ~~†~~ *“Advisory* Committee” means the *Advisory* Committee established to administer the Program.

Sec. 40. NRS 287.300 is hereby amended to read as follows:

287.300 “Investment” means a savings account, certificate of deposit, fixed or variable annuity contract, life insurance contract, mutual fund or other investment which the ~~{Committee}~~ *Executive Officer* has approved for the Program.

Sec. 41. NRS 287.310 is hereby amended to read as follows:

287.310 “Program” means the Public Employees’ Deferred Compensation Program authorized by NRS 287.250 to 287.370, inclusive ~~†~~, *and sections 10 and 11 of this act.*

Sec. 42. NRS 287.320 is hereby amended to read as follows:

287.320 1. The State may agree with any of its employees, and the Board of Regents of the University of Nevada may agree with any of its employees, to defer the compensation due to them in accordance with a program approved by the ~~{Committee}~~ *Executive Officer* which may consist of one or more plans authorized by 26 U.S.C. § 401(a), 401(k), 403(b), 457 or 3121, including, without limitation, a FICA alternative plan, or any other plan authorized by any federal law to reduce taxable compensation or other forms of compensation. ~~{The Board of Regents may agree with any of its employees to defer the compensation due to them as authorized by 26 U.S.C. § 403(b) without submitting the program to the Committee for its approval. An employee may defer compensation under one or more plans in the Program.}~~

2. The employer shall withhold the amount of compensation which an employee has, by such an agreement, directed the employer to defer.

3. The employer may invest the withheld money in any investment approved by the ~~{Committee}~~ *Executive Officer* or, in the case of deferred compensation under 26 U.S.C. § 403(b) for employees of the Nevada System of Higher Education by the Board of Regents of the University of Nevada.

4. The investments must be underwritten and offered in compliance with all applicable federal and state laws and regulations, and may be offered only by persons who are authorized and licensed under all applicable state and federal regulations.

5. All amounts of compensation deferred pursuant to the Program, all property and all rights purchased with those amounts and all income attributable to those amounts, property or rights must, in accordance with 26 U.S.C. § 401(a), ~~401(k)~~ *401(k)*, 403(b), 457(g) or 3121, including, without limitation, a FICA



1 alternative plan, or any other federal law authorizing a plan to
2 reduce taxable compensation or other forms of compensation, as
3 applicable, be held in trust for the exclusive benefit of the
4 participants in the Program and their beneficiaries.

5 **Sec. 43.** NRS 287.325 is hereby amended to read as follows:

6 287.325 1. The Governor shall appoint ~~to~~ *the Advisory*
7 Committee ~~to administer~~ *of the Public Employees' Deferred*
8 *Compensation* Program. The *Advisory* Committee must consist of:

9 (a) Three members who are employed by state agencies whose
10 payrolls are administered by the Division of Human Resource
11 Management of the Department of Administration;

12 (b) One member who is employed by a state agency whose
13 payroll is administered by an entity other than the Division of
14 Human Resource Management of the Department of
15 Administration; and

16 (c) One member who has retired from employment by the State
17 of Nevada or the Nevada System of Higher Education.

18 ➤ Each member of the *Advisory* Committee must be a participant in
19 the Program, have participated in the Program for not less than 2
20 years and have been nominated for membership by five or more
21 persons who have each participated in the Program for not less than
22 6 months.

23 2. After their initial terms, members of the *Advisory*
24 Committee serve terms of 4 years or until their successors have been
25 appointed and have qualified.

26 3. A vacancy on the *Advisory* Committee occurs when a
27 member dies, resigns or becomes ineligible for membership on the
28 *Advisory* Committee. A person becomes ineligible for membership
29 on the *Advisory* Committee when:

30 (a) The person ceases to be a participant in the Program; or

31 (b) Except as otherwise provided in this paragraph, the person
32 ceases to have the qualifications for membership required by the
33 paragraph of subsection 1 under which the person was appointed. A
34 member of the *Advisory* Committee who ceases to have those
35 qualifications may serve the remainder of the member's term if that
36 period does not exceed 24 months.

37 4. *At its first meeting each year, the Advisory Committee shall*
38 *designate one of its members to serve as Chair of the Advisory*
39 *Committee for a term of 1 year or until the Chair's successor has*
40 *been designated.*

41 5. The member appointed pursuant to paragraph (c) of
42 subsection 1 must be compensated \$80 per day from money
43 appropriated from the Program pursuant to NRS 287.365 for
44 attending a meeting of the *Advisory* Committee and for acting at the
45 direction of or on behalf of the *Advisory* Committee.



~~15-1~~ 6. For the purposes of this section, "participant in the Program" means a person who is:

- (a) Deferring compensation pursuant to the Program;
- (b) Maintaining deferred compensation in the Program; or
- (c) Receiving payments of deferred compensation pursuant to the Program.

Sec. 44. NRS 287.330 is hereby amended to read as follows:

287.330 1. The *Advisory* Committee shall ~~+~~

~~—(a) At its first meeting each year, designate one of its members to serve as Chair of the Committee for a term of 1 year or until the Chair's successor has been designated.~~

~~—(b) Aet~~ *advise the Executive Officer concerning the administration of the Program* in such a manner as to promote the collective best interests of the participants in the Program.

2. The ~~Committee~~ *Executive Officer* may:

(a) Create an appropriate account for administration of money and other assets resulting from compensation deferred pursuant to the Program.

(b) With the approval of the Governor, delegate to one or more state agencies or institutions of the Nevada System of Higher Education the responsibility for administering the Program for their respective employees, including:

(1) Collection of deferred compensation;

(2) Transmittal of money collected to depositories within the State designated by the ~~Committee~~ *Executive Officer*; and

(3) Payment of deferred compensation to participating employees.

(c) Contract with a private person, corporation, institution or other entity, directly or through a state agency or institution of the Nevada System of Higher Education, for services necessary to the administration of the plan, including, without limitation:

- (1) Consolidated billing;
- (2) The keeping of records for each participating employee and the Program;
- (3) The purchase, control and safeguarding of assets;
- (4) Programs for communication with employees; and
- (5) The administration and coordination of the Program.

3. The *Executive Officer, the employees of the Program and the Advisory* Committee and its individual members are not liable for any decision relating to investments if the *Executive Officer, employees or Advisory* Committee, *as applicable*, has:

- (a) Obtained the advice of qualified counsel on investments.
- (b) Established proper objectives and policies relating to investments.

(c) Discharged its duties regarding the decision:



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(1) Solely in the interest of the participants in the Program;
and

(2) With the care, skill, prudence and diligence that, under the circumstances existing at the time of the decision, a prudent person who is familiar with similar investments would use while acting in a similar capacity in conducting an enterprise of similar character and purpose.

(d) Selected at least one plan for the use of the participants in the Program, except that if the ~~Committee~~ *Executive Officer* has selected two or more plans from which the participants in the Program may choose, the ~~Committee~~ *Executive Officer* has selected the plans from separate and distinct providers.

(e) Solicited proposals from qualified providers of plans at least once every 5 years.

Sec. 45. NRS 287.365 is hereby amended to read as follows:

287.365 1. No money may be withdrawn or appropriated from the Program, except:

(a) For payment to a participant or beneficiary of a participant pursuant to the terms of the Program;

(b) In the amount required to pay the necessary expenses of administering the Program;

(c) As specifically authorized by federal law or regulation or by a special act of the Legislature; or

(d) To compensate the member of the *Advisory* Committee appointed pursuant to paragraph (c) of subsection 1 of NRS 287.325.

2. All money withdrawn from the Program pursuant to paragraphs (b) and (d) of subsection 1 must be deposited in the State General Fund for credit to the deferred compensation account created pursuant to subsection 2 of NRS 287.330.

Sec. 46. NRS 287.370 is hereby amended to read as follows:

287.370 No appropriated money of the State may be spent in connection with the administration of the Program except as compensation for employees who participated in the administration as part of their regular duties, including without limitation:

1. Members ~~and staff~~ of the *Advisory* Committee ~~and~~ *employees of the Program*; and

2. Employees of the state agency or the institution of the Nevada System of Higher Education selected to administer the Program.

Sec. 47. NRS 333.335 is hereby amended to read as follows:

333.335 1. Each proposal must be evaluated by:

(a) The chief of the using agency, or a committee appointed by the chief of the using agency in accordance with the regulations



1 adopted pursuant to NRS 333.135, if the proposal is for a using
2 agency; or

3 (b) The Administrator of the Purchasing Division, or a
4 committee appointed by the Administrator in accordance with the
5 regulations adopted pursuant to NRS 333.135, if the Administrator
6 is responsible for administering the proposal.

7 2. A committee appointed pursuant to subsection 1 must
8 consist of not less than two members. A majority of the members of
9 the committee must be state officers or employees. The committee
10 may include persons who are not state officers or employees and
11 possess expert knowledge or special expertise that the chief of the
12 using agency or the Administrator of the Purchasing Division
13 determines is necessary to evaluate a proposal. The members of the
14 committee are not entitled to compensation for their service on the
15 committee, except that members of the committee who are state
16 officers or employees are entitled to receive their salaries as state
17 officers and employees. No member of the committee may have a
18 financial interest in a proposal. ~~If the contract is being awarded for~~
19 ~~the Public Employees' Benefits Program, the Executive Officer of~~
20 ~~the Program may observe the activities of the committee, but may~~
21 ~~not vote or otherwise participate in the evaluation.~~

22 3. In making an award, the chief of the using agency, the
23 Administrator of the Purchasing Division or each member of the
24 committee, if a committee is established, shall consider and assign a
25 score for each of the following factors for determining whether the
26 proposal is in the best interests of the State of Nevada:

27 (a) The experience and financial stability of the person
28 submitting the proposal;

29 (b) Whether the proposal complies with the requirements of the
30 request for proposals as prescribed in NRS 333.311;

31 (c) The price of the proposal; and

32 (d) Any other factor disclosed in the request for proposals.

33 4. The chief of the using agency, the Administrator of the
34 Purchasing Division or the committee, if a committee is established,
35 shall determine the relative weight of each factor set forth in
36 subsection 3 before a request for proposals is advertised. The weight
37 of each factor must not be disclosed before the date proposals are
38 required to be submitted.

39 5. ~~Except as otherwise provided in this subsection, the~~ *The*
40 chief of the using agency, the Administrator of the Purchasing
41 Division or the committee, if a committee is established, shall award
42 the contract based on the best interests of the State, as determined by
43 the total scores assigned pursuant to subsection 3, and is not
44 required to accept the lowest-priced proposal. ~~If the contract is~~
45 ~~being awarded for the Public Employees' Benefits Program, the~~



~~Administrator of the Purchasing Division or the committee, if a committee is established, shall submit recommendations for awarding the contract to the Board for the Public Employees' Benefits Program, which shall award the contract in accordance with NRS 287.04345.]~~

6. Except as otherwise provided in NRS 239.0115, each proposal evaluated pursuant to the provisions of this section is confidential and may not be disclosed until the contract is awarded.

Sec. 48. NRS 354.671 is hereby amended to read as follows:

354.671 1. Upon receipt of notification by the ~~[Board]~~ *Executive Officer* of the Public Employees' Benefits Program pursuant to NRS 287.0434 that a local government is delinquent by more than 90 days on an amount due to the Public Employees' Benefits Program pursuant to paragraph (b) of subsection 4 of NRS 287.023, the Executive Director shall notify the governing body that the presence of a representative of the governing body is required at the next practicable scheduled meeting of the Committee to explain the reason that the payment has not been made. The notice must be transmitted to the governing body at least 5 days before the date on which the meeting will be held.

2. If an explanation satisfactory to the Committee is not provided at the meeting as requested in the notice and an arrangement is not made for the submission of the payment, the Committee may instruct the Executive Director to request that the State Treasurer withhold from the local government an amount equal to the amount of the delinquent payment from the next distribution from the Local Government Tax Distribution Account, if the local government is otherwise entitled to receive such a distribution, the local school support tax if the local government is a school district or any other property taxes, taxes on the net proceeds of minerals or grants to which the local government may otherwise be entitled as a distribution from the State. Upon receipt of such a request, the State Treasurer shall withhold that amount from the payment or any future payment as necessary until the State Treasurer is notified by the Executive Director that the delinquent payment has been received by the Department, except that the State Treasurer shall not withhold any payment necessary for the local government to make a timely payment that is due and owing to a holder. The Department shall transmit the delinquent payment to the Public Employees' Benefits Program upon receipt.

Sec. 49. NRS 355.220 is hereby amended to read as follows:

355.220 1. The Retirement Benefits Investment Board is hereby created. The membership of the Board consists of the members of the Public Employees' Retirement Board, who shall



1 serve in that capacity ex officio and without any additional
2 compensation.

3 2. The Board shall establish and administer a fund to be known
4 as the Retirement Benefits Investment Fund for the investment of
5 money deposited with the Board pursuant to subsection 6 or NRS
6 287.017. Any money received by the Board pursuant to subsection 6
7 or NRS 287.017 shall be deemed to be held for investment purposes
8 only and not in any fiduciary capacity. Any money in the Fund must
9 be invested in the same manner as money in the Public Employees'
10 Retirement Fund is invested. The interest and income earned on the
11 money in the Fund, after deducting any applicable charges, must be
12 credited to the Fund.

13 3. Money in the Fund may be transferred to the State Retirees'
14 Health and Welfare Benefits Fund created by NRS 287.0436 to be
15 used for the purposes specified in NRS 287.0436.

16 4. The Board may assess reasonable charges against the Fund
17 for the payment of its expenses in administering the Fund. Except as
18 otherwise provided in subsection 3, no other money may be
19 withdrawn from the Fund except as directed by the ~~board~~ *person*
20 *or entity* responsible for that money pursuant to subsection 6 or
21 NRS 287.017, as applicable.

22 5. Except as otherwise provided in this section, the Board has
23 the same powers and duties in carrying out the provisions of this
24 section as those pertaining to the administration of the Public
25 Employees' Retirement Fund by the Public Employees' Retirement
26 Board. The Retirement Benefits Investment Board may employ such
27 staff and contract for the provision of such management, investment
28 and other services, including, without limitation, the services of
29 accountants, actuaries, attorneys and investment managers, as are
30 necessary for the administration of the Fund and to carry out the
31 provisions of this section.

32 6. Notwithstanding any other provision of law, the ~~Board~~
33 *Executive Officer* of the Public Employees' Benefits Program may
34 deposit any of the assets of the Public Employees' Benefits Program
35 in the Fund for purposes of investment if ~~its~~ *the Executive Officer*
36 obtains an opinion from ~~its~~ *the* legal counsel *of the Program* that
37 the investment of those assets in accordance with this section will
38 not violate any of the provisions of Sections 9 and 10 of Article 8 of
39 the Nevada Constitution.

40 7. As used in this section, unless the context otherwise
41 requires:

42 (a) "Board" means the Retirement Benefits Investment Board
43 created pursuant to this section.

44 (b) "Fund" means the Retirement Benefits Investment Fund
45 created pursuant to this section.



Sec. 50. NRS 689B.065 is hereby amended to read as follows:

689B.065 1. A policy of group health insurance issued to replace any discontinued policy or coverage for group health insurance must:

(a) Provide coverage for all persons who were covered under the previous policy or coverage on the date it was discontinued; and

(b) Except as otherwise provided in subsection 2, provide benefits which are at least as extensive as the benefits provided by the previous policy or coverage, except that benefits may be reduced or excluded to the extent that such a reduction or exclusion was permissible under the terms of the previous policy or coverage,

↳ if that replacement policy is issued within 60 days after the date on which the previous policy or coverage was discontinued.

2. If an employer obtains a replacement policy pursuant to subsection 1 to cover the employees of the employer, any benefits provided by the previous policy or coverage may be reduced if notice of the reduction is given to the employees of the employer pursuant to NRS 608.1577.

3. Any insurer which issues a replacement policy pursuant to subsection 1 may submit a written request to the insurer who provided the previous policy or coverage for a statement of benefits which were provided under that policy or coverage. Upon receiving such a request, the insurer who provided the previous policy or coverage shall give a written statement to the insurer providing the replacement policy which indicates what benefits were provided and what exclusions or reductions were in effect under the previous policy or coverage.

4. The provisions of this section:

(a) Apply to a self-insured employer who provides health benefits to the employees of the employer and replaces those benefits with a policy of group health insurance.

(b) Do not apply to the Public Employees' Benefits Program established pursuant to NRS 287.0402 to 287.049, inclusive **H**, and *section 9 of this act.*

Sec. 51. 1. Notwithstanding the amendatory provisions of this act, a member of the Committee to administer the Public Employees' Deferred Compensation Program appointed pursuant to NRS 287.325 who is serving a term on June 30, 2017, is entitled to serve out the remainder of the term to which he or she is appointed as a member of the Advisory Committee of the Public Employees' Deferred Compensation Program appointed pursuant to NRS 287.325, as amended by section 43 of this act.

2. The terms of the members of the Board of the Public Employees' Benefits Program created by NRS 287.041 who are incumbent on June 30, 2017, expire on that date.



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3. On or before July 1, 2017, the Governor shall appoint the six members of the Advisory Board of the Public Employees' Benefits Program created by NRS 287.041, as amended by section 15 of this act, to terms commencing on July 1, 2017, as follows:

- (a) Two members to terms that expire on July 1, 2019;
- (b) Two members to terms that expire on July 1, 2020; and
- (c) Two members to terms that expire on July 1, 2021.

Sec. 52. 1. Any administrative regulations adopted by an officer or entity whose name has been changed or whose responsibilities have been transferred pursuant to the provisions of this act remain in force until amended by the officer or entity to which the responsibility for the adoption of the regulations has been transferred.

2. Any contracts or other agreements entered into by an officer or entity whose name has been changed pursuant to the provisions of this act are binding upon the officer or entity to which the responsibility for the administration of the provision of the contract or other agreement has been transferred. Such contracts and other agreements may be enforced by the officer or entity to which the responsibility for the enforcement of the provisions of the contract or other agreements has been transferred.

3. Any action taken by an officer or entity whose name has been changed pursuant to the provisions of this act remains in effect as if taken by the officer or entity to which the responsibility for the enforcement of such actions has been transferred.

Sec. 53. The Legislative Counsel shall:

1. In preparing the Nevada Revised Statutes, use the authority set forth in subsection 10 of NRS 220.120 to substitute appropriately the name of any agency, officer or instrumentality of the State whose name is changed by this act or for the name which the agency, officer or instrumentality previously used; and

2. In preparing supplements to the Nevada Administrative Code, substitute appropriately the name of any agency, officer or instrumentality of the State whose name is changed by this act for the name which the agency, officer or instrumentality previously used.

Sec. 54. The provisions of subsection 1 of NRS 218D.380 do not apply to any provision of this act which adds or revises a requirement to submit a report to the Legislature.

Sec. 55. NRS 287.0428 and 287.04345 are hereby repealed.

Sec. 56. This act becomes effective upon passage and approval for the purpose of appointing, pursuant to section 51 of this act, members to the Advisory Board of the Public Employees' Benefits Program created by NRS 287.041, as amended by section 15 of this act, and on July 1, 2017, for all other purposes.



TEXT OF REPEALED SECTIONS

287.0428 Continuing education.

1. Each member of the Board and the Executive Officer shall complete at least 16 hours of continuing education relating to the administration of group benefits for public employees each year.

2. While attending courses of continuing education, a member of the Board who is a public employee and the Executive Officer must be granted administrative leave with pay and are entitled to receive the travel expenses provided for state officers and employees generally.

3. While attending courses of continuing education, a member of the Board who is not a public employee is entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally.

287.04345 Procedure for awarding contracts to vendors.

1. The Board shall review any recommendation for awarding a contract submitted to the Board pursuant to NRS 333.335. The Board may:

(a) Approve the recommendation of the Administrator of the Purchasing Division of the Department of Administration or of a committee appointed to evaluate a proposal and award the contract as recommended; or

(b) Schedule a separate public meeting to award the contract.

2. If the Board conducts a separate meeting pursuant to paragraph (b) of subsection 1, it shall:

(a) Disclose the review by the Board of the vendors whose proposals scored the highest;

(b) Identify the criteria it will use to evaluate the high scoring proposals;

(c) Consider the ranking given to a proposal by a committee appointed to evaluate the proposal, if any;

(d) With regard to a request for proposals, evaluate the responses of vendors interviewed by the Board; and

(e) Award the contract based on the best interests of the State.

3. The Board is not bound by the recommendation of the Administrator of the Purchasing Division or the committee appointed to evaluate the proposal.

